

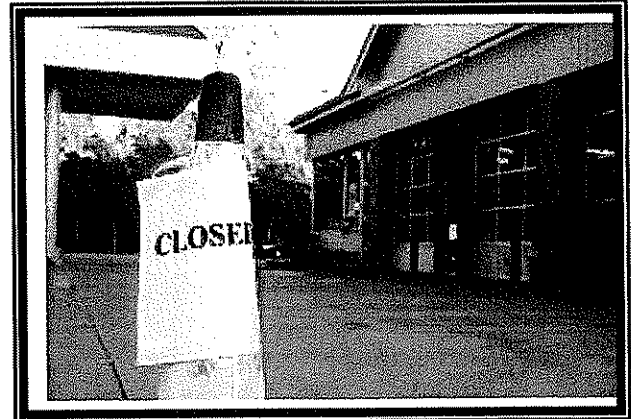
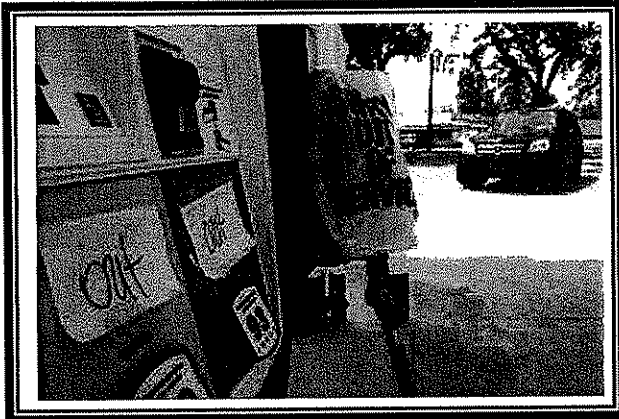


GASOLINE & AUTOMOTIVE SERVICE DEALERS OF AMERICA, Inc.

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Our Members are responsible for selling over 60% of the 1.6 billion gallons of gasoline sold annually in the State of Connecticut!



SBA Report: Small Business Continues To Fuel the Economy!

President Obama Says Small Business must be at the Forefront of the Recovery!

Gov Malloy: As Mayor of Stamford, I worked every day not only to create jobs in the city, but also to provide economic security by promoting a thriving economy as Gov I will make sure Connecticut Becomes Competitive!

THIS IS THE OPPORTUNITY TO PROVE IT!

FINANCE REVENUE & BONDING COMMITTEE

By Michael J. Fox, Executive Director

March 07, 2011

Senator Dailey, Representative Widlitz and members of the Finance Revenue and Bonding Committee, my name is Michael Fox, Executive Director of the Gasoline & Automotive Service Dealers of America, Inc. the Trade Association whose members are responsible for pumping 60% of the 1.4 billion gallons of gasoline sold in the State of Connecticut annually! I also serve as a volunteer member of the Connecticut Underground Tank Review Board and travel over 180 miles round-trip at my own expense. I point this out only demonstrate the importance of maintaining this fund for Connecticut!

We come before you today to speak in opposition HB-6388 Gov Malloy Budget Recommendations as the bill pertains to Gasoline Tax Increases and Sales Tax increases. We do however support the section of the bill eliminating some Sales Tax Exemptions and do not think the bill goes far enough when eliminating those exemptions!

I will address the Gas Tax increase first. Since February 1st of this year the wholesale price of gasoline has increased approximately \$.36 per gallon. This has resulted in an increase in the Gross Receipts Tax on gasoline of \$.03 on the regular grade of gas and \$.04 to \$.045 on mid-grade and premium. Looking back to January 1, 2011 that tax increase is a whopping \$.08 per gallon on regular unleaded gasoline. The State does NOT have a revenue or tax generating problem; it has a problem of proper money management.

I have provided examples in the written package you have and since 2001 \$1.7 billion has been generated by the gross receipts tax. From 1990 to 2007

only \$192 million has gone to intended purpose or the Underground Tank Fund and during that same period of time \$1.4 billion disappeared into the general fund. That \$1.4 billion could have been invested or used for Mass Transportation needs, but it was not. These increased tax burdens levied by this legislature has caused lost jobs and lost business revenue.

The office of Policy and Management did a study after this legislative body reduced the then highest in the nation gas tax from \$.38 per gallon to the current rate of \$.25 cents per gallon. But this legislative body also increased the percentage tax know as the GRT which has now resulted in the same problem as before, border state gasoline is cheaper than Connecticut so we again are losing substantial gasoline sales and tax revenue. The volume sold in our State and decreasing tax revenue proves exactly what I am saying. This begs the question why, why do we keep making the same old mistakes of the past??

What is frustrating is as a volunteer member of the Connecticut Underground Tank Review Board I traveling 180 miles to attend meetings at my own expense and the meetings are all about the lack of revenue available to pay claims. As a gasoline retailer and a consumer it is even more frustrating to know that if this revenue was left untouched and invested at just say 3% , the State could do away with the current \$.27 GRT tax which is on top of the \$.25 State Gas Tax thereby providing relief for consumer, generate jobs in our state and still have plenty of money available to pay future claims from the

Tank Fund. It is this type of forward money management that is missing from our policy makers in the State.

Regarding the elimination of sales tax exemptions, this body must consider asking those that pay nothing and have paid nothing for years to pay something before you can ask that have been paying to pay even one penny more. Our suggestion is eliminate all exemptions with the exception of food, gasoline, heating oil, prescription and non-prescription drugs, and medical the essential items you must have but do not choose to have. I used to do work for one of the State largest Limousine Companies who drives millionaires and billionaires to dinner and pick up laundry, generating \$20 to \$25 million dollars in annual revenue and not pay one cent in sales tax. This type of tax policy is not only unfair, but makes no sense. Those that can afford the most for a luxury, don't pay the least, they pay nothing. It is our opinion that by looking at the revenue generated by eliminating all non essential products from the sales tax exemptions, enough revenue will be generated that might even allow a reduction the current sales tax rate of 6%. Why reduce it, because this is not about spending more, it is about restoring a competitive environment in our State and attracting consumers to our State rather than driving purchases out of the State. Thank You and I will answer any questions you might have.

Total Gross Earning Tax Collected by	Amount Collected Gross Receipts	Amount Collected Gas	Total Amount Collected in
Fiscal Year	Only	Tax Only	Gas & Gross Receipts Tax
2001 to 2002	\$100,113,928.89	\$430,285,551.80	\$530,399,480.69
2002 to 2003	\$125,451,234.89	\$457,993,450.29	\$583,444,685.18
2003 to 2004	\$139,895,375.02	\$464,468,315.79	\$604,363,690.81
2004 to 2005	\$179,047,465.99	\$483,796,835.53	\$662,844,301.52
2005 to 2006	\$279,590,420.22	\$395,448,506.68	\$675,038,926.90
2006 to 2007	\$309,403,944.97	\$393,076,196.63	\$702,480,141.60
2008 to 2009	\$367,783,239.57	\$495,125,319.38	\$862,908,558.95
2009 to 2010	\$264,917,722.75	\$503,655,620.24	\$768,573,342.99
	\$1,766,203,332.30	\$3,623,849,796.34	\$5,390,053,128.64